



NURSING FACILITY RATE UPDATES EFFECTIVE JULY 1, 2023

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Provider Reimbursement
Rate Setting Manager

Agenda

- ❑ Introductions
- ❑ Regulations
- ❑ Data Sources
- ❑ Assumptions
- ❑ Rate Calculation Process
- ❑ Summary

Nursing Facility Price-based Reimbursement

12VAC30-90-44 Nursing facility price-based reimbursement methodology

- Prospective price-based rates are calculated using provider **cost report data, inflation, and CMS-wage index data + VDH licensing report** (for mapping)

Five cost report data categories:

1. Direct/Ancillary,
 2. Indirect,
 3. Criminal Records Checks (CRC),
 4. Capital, and
 5. Nurse Aid Training and Competency Evaluation (NATCEP)
- Inflation**
- Cost report**
- Cost report + inflation**

“The Matrix of Regulations”

Rate Parameter	Data Source/How the Rate is Derived	Regulation
Direct Operating Rate	<ul style="list-style-type: none"> Rate created during rebasing Rebasing occurs every three years Annual inflation 	12VAC30-90-44
Indirect Operating Rate	<ul style="list-style-type: none"> Rate created during rebasing Rebasing occurs every three years Annual inflation 	12VAC30-90-44
Criminal Records Checks	<ul style="list-style-type: none"> Cost data obtained from Nursing Home Database No inflation 	12VAC30-90-44 12VAC30-90-180
Capital and Plant Rate	<ul style="list-style-type: none"> Freestanding NFs get fair-rental value (FRV) rates from annual FRV cost report Hospital-Based NFs get Capital rates from the Nursing Home Database Both documents come from DMAS cost settlement and audit contractor (MSLC) 	12VAC30-90-30 12VAC30-90-36 12VAC30-90-37 12VAC30-90-44
Nurse Aid Training and Competency Evaluation Program (NATCEP)	<ul style="list-style-type: none"> Cost data obtained from Nursing Home Database Inflated to the current rate year The NATCEP Program at the facility must be approved to receive a rate NATCEP rates are rebased annually 	12VAC30-90-44 12VAC30-90-170

Data Sources:

- Nursing Facility Cost Reports
- Case Mix data from the CMS Minimum Data Set survey instrument
- Virginia Specific Nursing Facility Inflation from IHS Markit
- VDH Licensing Data (Peer Group Validation)
- CMS Wage Index Data FFY 23-FR (Peer Group Validation)

Data Sources: inflation

- SFY 24 Nursing Facility Inflation is **6.33%**

Year	Inflation
2020	2.90%
2021	4.10%
2022	5.90%
2023	14.70%
2024	6.33%

Assumptions

- All allowable costs are included in the final cost report data and providers have filed their cost reports correctly.
- Providers that did not submit cost data will get the statewide average for Criminal Records Checks rate.
- Providers that did not submit cost data will get \$0.00 for NATCEP.
- Providers that do not submit capital costs will get a capital rate of \$0.00.

Rate Calculation Process

1. Direct and Indirect Operating rates are **inflated**
2. Facility Peer Groups are validated using VDH Licensing data and CMS Wage Index Data
3. Criminal Records Check rates are developed using **cost data**
4. Capital rates are developed using **cost data**
5. NATCEP rates are developed using **cost data** and **inflated**

Summary of Nursing Facility Reimbursement

- Nursing facility direct and indirect base rates will be inflated **6.33% in FY24**
- Criminal records checks and capital will be updated with cost reports
- NATCEP will be updated with cost reports and inflation
- Please send questions to Sara Benoit at Sara.Benoit@dmas.virginia.gov by June 30, 2023.